

EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE ISSUED: March 28, 2010
ATTENTION: Natural Resources & Culture Committee
Agenda of April 20, 2011
ORIGINATING DEPARTMENT: Public Utilities
SUBJECT: Approval of 10% Price Increase for Purchase of Sodium
Hypochlorite for Wastewater Disinfection and Odor Control
COUNCIL DISTRICTS: City-wide
STAFF CONTACT: Christopher McKinney (858) 292-6447

REQUESTED ACTION:

1. Authorizing the Mayor, or designee, to exercise the first of four one-year options to extend the contract with Olin Chlor, Inc., per Bid Number 9957-10-C and Resolution Number R-305840, to furnish sodium hypochlorite for wastewater disinfection and odor control with a 10% price increase over the first contract year.
2. Authorize expenditures from the Metropolitan Wastewater Operating Fund 700001 in the amount of \$381,000 during the contract year from April 1, 2011 through March 31, 2012. This expenditure will be in addition to that already approved by Resolution Number R-305840 in the amount of \$3,905,000 for a total of \$4,286,000 during the contract year.

STAFF RECOMMENDATION: Adopt the Resolutions.

EXECUTIVE SUMMARY:

Per the terms of Bid Number 9957-10-C, Olin Chlor, Inc. is requesting an increase of 10% in the unit cost of sodium hypochlorite (NaOCl) from the current cost of \$0.548 per gallon to \$0.603 per gallon. Olin Chlor, Inc. was the lowest responsible bidder for NaOCl deliveries to the Point Loma Wastewater Treatment Plant (PLWTP) in 2010. This price increase is consistent with market conditions, as reflected in the similar cost increases from other vendors supplying this chemical to other facilities. Thus, the Department recommends accepting the requested price increase rather than rebidding deliveries of NaOCl.

Sodium hypochlorite is a chemical used, among others, to disinfect wastewater and control odors. This chemical is used for partial disinfection of treated wastewater at the Point Loma Wastewater Treatment Plant. The Point Loma Wastewater Treatment Plant's use of this chemical is anticipated to be 6,551,750 gallons annually. With the requested price increase, additional expenditures will be approximately \$381,000 during the contract year from April 1, 2011 through March 31, 2012. This expenditure will be in addition to that already approved by Resolution Number R-305840 in the amount of \$3,905,000 for a total of \$4,286,000 during the contract year.

Olin Chlor, Inc. offers a 2% cash discount on invoices paid within 30 days of receipt.

The contract has an option to renew for three additional one-year periods, with annual per unit cost increases requiring approval of the City Council.

EQUAL OPPORTUNITY CONTRACTING:

This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708). This agreement is subject to the City's Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

FISCAL CONSIDERATIONS:

The total cost of this action is \$381,000. Funds are available in the approved FY11 operating budget for 3-months of this contract from, 4/1/2011 through 6/30/2011, in the amount of \$95,000. Funds will be available in the FY 2012 operating budget, pending approval of the Appropriation Ordinance, for the remaining 9-months of this contract from 7/1/2011 through 3/31/2012, in the amount of \$286,000. These expenditures will be in addition to that already approved by Resolution Number R-305840 in the amount of \$3,905,000 for a total of \$4,286,000 during the contract year.

PREVIOUS COUNCIL/COMMITTEE ACTION:

This contract was previously reviewed and approved by the City Council on May 18, 2010, R-305840.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

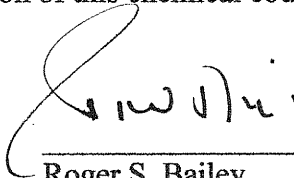
This item was approved by the Metro Commission on April 1, 2010 (at the time of original approval of the contract).

KEY STAKEHOLDERS:

Sodium hypochlorite is necessary for daily treatment of wastewater for 2.18 million regional customers in the Metropolitan Sewerage System, and for compliance with Federal, State, and County issued permit requirements. Insufficient application of this chemical could jeopardize ocean and air quality.



Ann Sasaki
Assistant Public Utilities Director



Roger S. Bailey
Director of Public Utilities